

CONFIDENTIALITY AND INTELLECTUAL PROPERTY AGREEMENT

Packer Engines Incorporated (the "Company") is dedicated to a policy of exerting a significant influence in its chosen fields through technical innovation and creative administration and marketing. The competitive success of this policy depends to a large extent on the Company's ability to capitalize on the creative talents of its employees and to maintain a free flow of pertinent information among its employees.

For this reason, all employees are requested to sign the following Agreement under which:

- (I) Requirements are specified for avoiding conflicting outside activities while the employee is associated with the Company as an employee,
- (II) The Company is assured of disclosure of and exclusive rights to ideas, works, and inventions which relate to Company business,
- (III) The Company is protected against unauthorized disclosure of confidential information of the Company or other persons and against post-employment retention of Company records,
- (IV) Former Company employees are prohibited from soliciting other Company employees for one year and the Company policy on employment agreements is stated.

AGREEMENT

In part consideration of my employment or continued employment by Packet Engines Incorporated, a California corporation, or by any of its affiliates (hereinafter collectively referred to as the "Company"), and effective as of the date that said employment first commenced, I agree that:

I. Time Commitment and Conflict of Interest

A. Time Commitment

During the term of my employment, in order to help ensure that I devote most of my professional energies to the Company I will not without the prior written approval of the President of the Company engage in any other professional employment or consulting.

B. Conflict of Interest

During the term of my employment, I will not without the prior written approval of the President of the Company directly or indirectly participate in or assist any business which is a current or potential supplier, customer, or competitor of the Company, except that I may invest to an extent not exceeding one percent of the total outstanding shares in each of one or more companies whose shares are listed on a national securities exchange or quoted daily by NASDAQ ("Exempt Investments").

I represent that my performance of all the terms of this Agreement and my work for the Company does not and will not breach any invention assignment or proprietary information agreement with any former employer or other party or create any conflict of interest with anyone. I agree that I will not disclose to the Company or use for the benefit of the Company any confidential information derived from sources other than employment with the Company.

I agree that if I am in doubt as to the confidential status of any information, or if any information is alleged to be proprietary, I will refer to the management of the Company the question of whether such information is available for disclosure and use for the benefit of the Company.

I will not enter into any other agreement with any other person or entity, either written or oral, in conflict with the terms of this Agreement.

II. Disclosure and Assignment to Company of Inventions

A. Disclosure to Company of Inventions

Except as provided in the next sentence, I will disclose in confidence promptly to the Company any ideas, inventions, works of authorship (including but not limited to computer programs, software, and documentation), improvements, or discoveries, whether or not patentable or copyrightable ("Work Product"), which during the term of my employment, whether or not in the course of my employment, I may conceive, make, develop, work on, or first reduce to practice, in whole or in part, either solely or jointly with others, whether or not reduced to drawings, written description, documentation, models, or other tangible form. The disclosure requirement of the preceding sentence shall not apply to Work Product (a) for which no equipment, supplies, facilities, or trade secret information of the Company was used, (b) which was developed entirely on my own time, (c) which does not relate to the business of the Company or to the Company's actual or demonstrably anticipated research or development, and (d) which does not result from any work performed by me for the Company. Work Product satisfying conditions (a), (b), (c), and (d) above is hereinafter referred to as "Personal Work Product". I agree that if I am in doubt as to whether any given Work Product must be disclosed to the Company by the terms of this Agreement, I will refer such question to the management of the Company.

B. Assignment to Company of Inventions

In these regards, I agree that all Work Product other than Personal Work Product shall forthwith and without further consideration become and be the exclusive property of the Company, its successors, and assigns. I hereby assign to the Company all patents, copyrights, mask works or other statutory or common law protections in any and all countries for the Work Product required to be disclosed under this Agreement, except Personal Work Product. [Notice is hereby given that the foregoing inventions assignable to the Company do not include any invention which qualifies fully for exemption under Section 2870 of the California Labor Code.] I hereby appoint the Company's Secretary or any other officer of the Company as my attorney-in-fact and agent to execute all documents required or appropriate to perfect or enforce all rights assigned under this Agreement.

I will assist the Company in every proper way, including the signing of any and all papers, authorizations, applications, and assignments, and making and keeping of proper records, and the giving of evidence and testimony (all entirely at the Company's expense), to obtain and to maintain for the use and benefit of the Company or its nominees patents, copyrights, mask works or other protection, in all countries, for any and all Work Product described in Section IIA above. My obligations under this Section IIB will extend beyond the termination of my employment with the Company.

As a matter of record, I have filled out, and have been given sufficient time to fill out, the following Schedule A which contains a complete list of all ideas, inventions, works, improvements, and discoveries, patented and unpatented, copyrighted and not copyrighted, and which I completed prior to my employment, which I desire to have specifically excluded from the operation of Sections IIA and IIB of this Agreement.

III. Non-disclosure and Retention of Certain Company Information

A. Non-disclosure of Company Confidential Information

I will regard and preserve as confidential and will not divulge to unauthorized persons, or use or authorize or encourage persons who are under my direction or supervision to use, for any unauthorized purposes, either during or after the term of my employment, any information, matter, or thing of secret, confidential, or private nature connected with the business of the Company or any of its suppliers, customers or their affiliates without the written consent of the President of the Company until such time as such information otherwise becomes public knowledge or is disclosed to me without restriction as a matter of right by a third party not affiliated with or working for the Company. Included within the meaning of the foregoing are matters of a technical nature, such as know-how, formulae, computer programs, software and documentation, secret processes or machines, inventions and research projects; matters of a business nature, such as information about costs, profits, markets, sales, customers, suppliers, and employees (including salary, evaluation, and other personnel data); plans for further development; and any other information of a similar nature. In these regards, although certain information or technology may be generally known in the relevant industry, the fact that the Company uses same, and how the Company uses same, may not be so known and therefore is subject to non-disclosure and non-use. Furthermore, the fact that various fragments of information or data may be generally known in the relevant industry does not mean that the manner in which the Company combines them and the results obtained thereby are so known and in such instance are also subject to non-disclosure and non-use.

Excluded from the restrictions of this Section IIIA is information known to me prior to its disclosure to me by the Company. I agree that before making any disclosure or use of confidential information not previously approved in writing by the President of the Company in reliance upon the foregoing exclusion or the fact that the information is public knowledge (other than through the Company's own public disclosure) or has been disclosed to me without restriction as a matter of right by a third party, I will give the Company at least ten (10) business days prior written notice specifying the applicable reason and the circumstances giving rise thereto. I shall have the burden of proving by clear and convincing evidence that the given reason applies to such information under such circumstances.

B. Retention of Company Data and Records

I understand and agree that all data and records coming into my possession or kept by me in connection with my employment, including, without limitation, notebooks, drawings, and blueprints; computer programs, software, and documentation; bulletins, parts lists, reports, and customer lists; production, cost, purchasing, and marketing information; and employment data, including policies and salary information, are the exclusive property of the Company. I agree to return to the Company all originals and copies of such data and records upon termination of my employment for any reason, unless specific written consent is obtained from the President of the Company to retain any such data or records.

IV. Non-solicitation of Employees and Employment Agreements

A. Non-Solicitation of Employees

During my employment with the Company and for a period of one year after the termination of my employment with the Company for any reason, in order to enable the Company to maintain a stable work force and to operate its business, I agree that I will not solicit or encourage (nor will I direct or encourage anyone under my authority or control to solicit or encourage) any of the Company's employees to work elsewhere.

B. No Employment Agreement

I understand that this Agreement does not constitute a contract of employment or obligate the Company to employ me for any specific period of time. This Agreement shall not be terminated or altered by changes in duties, compensation, or other terms of my employment. Except as may otherwise be agreed to subsequently in writing between the President of the Company and myself, my employment with the Company shall be terminable at the will of either myself or the Company, with or without cause, and shall be automatically terminated upon my death or disability.

C. Miscellaneous

I hereby authorize the Company to disclose this Agreement and my responsibilities hereunder to any person or entity, including, without limitation, my future employers or clients.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of California for contracts entered into in California between California residents. The invalidity or unenforceability of any provision(s) of this Agreement under particular facts and circumstances shall not affect the validity or enforceability either of other provisions of this Agreement or, under other facts and circumstances, of such provision(s). In addition, such provision(s) shall be reformed to be less restrictive if under such facts and circumstances they would then be valid and enforceable. The headings in this Agreement are solely for convenience and shall not be considered in its interpretation.

This Agreement constitutes my entire agreement and understandings with the Company concerning its subject matter. It merges with and supersedes the provisions of all previous agreements and understandings I have made with the Company and may be amended or waived only in writing signed by myself and an officer of the Company. I UNDERSTAND THAT THIS AGREEMENT IS EFFECTIVE AS OF THE DATE MY EMPLOYMENT WITH THE COMPANY COMMENCED OR WILL COMMENCE.

Date: Feb 1, 1997

S. Sridharan
Employee

WITNESSED BY:

Sundara GaneshStaci D.Accepted this 7 day of FEB, 19 97

PACKET ENGINES INCORPORATED

By: BERNARD DADIER

SCHEDULE A

(List here previous ideas, inventions, works, improvements, and discoveries completed prior to your employment which you desire to have specifically excluded from the operation of Sections IIA and IIB of this Agreement. Continue on reverse side if necessary. If none, so state.)

Network Coprocessor.

The idea is to build a processor/ASIC with its own instruction set to address: a) Layer-2 processing such as MAC address operations (eg. ADD/DELETE/LOOKUP etc), layer 2 protocol identifications (such as IEEE 802.3, Ethernet, LLC etc), layer 3 protocol identification (such as IP, IPX, AppleTalk etc); b) Layer-3 processing such as IP header validation, IP/IPX Address/ subnet operations (such as ADD/DELETE, LOOKUP etc), upper-layer protocol identifications (such as UDP/TCP, IPX/SPX etc), flow-classifications (such as UDP/TCP source and/or destination port combinations) and other upper layer functions such as IP, UDP, TCP checksums.

(Continued on reverse side)

THIS LIST CONTAINS 1 ITEMS.

Indicate acknowledgment and completeness of above by initialing below.

PACKET ENGINES INCORPORATED

S. Sundara Ganesh

Employee

[Sundara Ganesh]

By

BD

Extend the instruction set to address automatic reply frame generation techniques to ease the protocol stack implementations of high-performance file servers and workstations.

Application ideas for the above coprocessors are:

- a) To use them with another computer processor running control programs or ASICs with equivalent control logic to process packets coming on a wire at a very high speed. ~~Another application is~~
- b) to use the coprocessor as an aid to protocol stacks running in high performance file servers and workstations.

- END -

-S. Sridharan